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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bill was introduced in Lok Sabha on 28th February, 1947:—

BILL No. 13 OF 1974

A Bill to give effect to the financial proposals of the Central Government for the financial year 1974-75.

BE it enacted by Parliament in the Twenty-fifth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

Short title and commencement.

1. (1) This Act may be called the Finance Act, 1974.

(2) Save as otherwise provided in this Act, sections 2 to 17 shall be deemed to have come into force on the 1st day of April, 1974.

CHAPTER II

RATES OF INCOME-TAX

Income-tax.

2. (1) Subject to the provisions of sub-sections (2), (3) and (4), for the assessment year commencing on the 1st day of April, 1974, income-tax shall be charged at the rates specified in Part I of the First Schedule and shall be increased,—

(a) in the cases to which Paragraphs A, B and D of that Part apply, by a surcharge for purposes of the Union;

(b) in the cases to which Paragraph C of that Part applies, by a surcharge for purposes of the Union and a special surcharge for purposes of the Union; and

(*c*) in the cases to which Paragraphs E and F of that Part apply, by a surcharge,

calculated in each case in the manner provided therein.

(2) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income, in addition to total income, and the total income exceeds five thousand rupees, then,—

(*a*) the net agricultural income shall be taken into account, in the manner provided in clause (*b*) (that is to say, as if the net agricultural income were comprised in the total income after the first five thousand rupees of the total income but without being liable to tax), only for the purpose of charging income-tax in respect of the total income; and

(*b*) the income-tax chargeable shall be calculated as follows:—

(*i*) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

(*ii*) the net agricultural income shall be increased by a sum of five thousand rupees and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if the net agricultural income as so increased were the total income;

(*iii*) the amount by which income-tax determined in accordance with sub-clause (*i*) exceeds the amount of income-tax determined in accordance with sub-clause (*ii*) shall be the income-tax chargeable in respect of the total income:

Provided that in cases where Sub-Paragraph I of the said Paragraph A applies,—

(*A*) where the aggregate income referred to in sub-clause (*i*) exceeds fifteen thousand rupees but does not exceed fifteen thousand one hundred and eighty rupees, the provisions of that Sub-Paragraph relating to surcharge on income-tax shall, for the purposes of determining the amount of income-tax under sub-clause (*ii*), apply subject to the modifications that such surcharge shall be calculated at the rate arrived at by dividing the amount of surcharge on income-tax calculated in respect of the aggregate income by the amount of income-tax (excluding surcharge) calculated in respect of the aggregate income and that the provisions of the proviso at the end of that Sub-Paragraph shall not apply;

(*B*) where the aggregate income referred to in sub-clause (*i*) exceeds fifteen thousand one hundred and eighty rupees, the provisions of that Sub-Paragraph relating to surcharge on income-tax shall, for the purposes of determining the amount of income-tax under sub-clause (*ii*), apply subject to the modifications that such surcharge shall be calculated at the rate of fifteen per cent.

and that the provisions of the proviso at the end of that Sub-Paragraph shall not apply.

(3) Where in the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, the total income includes any profits and gains from life insurance business, the income-tax payable by it shall be the aggregate of the Income-tax calculated—

31 of 1956.

(*i*) on the amount of profits and gains from life insurance business so included, at the rate applicable in the case of the Life Insurance Corporation of India, in accordance with Paragraph E of Part I of the First Schedule, to that part of its total income which consists of profits and gains from life insurance business; and

(*ii*) on the remaining part of its total income, at the rate applicable to the company on its total income.

(4) In cases to which Chapter XII or section 164 of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) applies, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be.

43 of 1961.

(5) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194D and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule.

(6) Subject to the provisions of sub-section (7), in cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the rate or rates specified in Part III of the First Schedule:

Provided that in respect of any income chargeable to tax under section 164 of the Income-tax Act at the rate of sixty-five per cent., "advance tax" shall be computed at that rate.

(7) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income, in addition to total income, and the total income exceeds six thousand rupees, then, in calculating income-tax under the first proviso to sub-section (5) of section 132 of the Income-tax Act or in charging income-tax under sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or in computing the "advance

tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(*a*) the net agricultural income shall be taken into account, in the manner provided in clause (*b*) (that is to say, as if the net agricultural income were comprised in the total income after the first six thousand rupees of the total income but without being liable to tax), only for the purpose of calculating, charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(*b*) such income-tax or, as the case may be, "advance tax" shall be so calculated, charged or computed as follows:—

(*i*) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

(*ii*) the net agricultural income shall be increased by a sum of six thousand rupees and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if the net agricultural income as so increased were the total income;

(*iii*) the amount by which income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (*i*) exceeds the amount of income-tax or "advance tax" determined in accordance with sub-clause (*ii*) shall be the income-tax or "advance tax" in respect of the total income.

(*3*) For the purposes of this section and the First Schedule,—

(*a*) "company in which the public are substantially interested" means a company which is such a company as is referred to in section 108 of the Income-tax Act;

(*b*) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1974, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income in accordance with the provisions of section 194 of that Act;

(c) "industrial company" means a company which is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining.

Explanation.—For the purposes of this clause, a company shall be deemed to be mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in

mining, if the income attributable to any one or more of the aforesaid activities included in its total income of the previous year (as computed before making any deduction under Chapter VIA of the Income-tax Act) is not less than fifty-one per cent. of such total income;

(*d*) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(*e*) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(*f*) "tax-free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;

(*g*) all other words and expressions used in this section or in section 16 or in the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings, respectively, assigned to them in that Act.

CHAPTER III

DIRECT TAXES

Income-tax

3. In section 10 of the Income-tax Act,— Amendment of section 10.

(*a*) in clause (*10*),—

(*i*) after the words "revised Pension Rules of the Central Government", the words, brackets and figures "or, as the case may be, the Central Civil Services (Pension) Rules, 1972" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1972;

(*ii*) for the words "or under any similar scheme of a State Government or a local authority", the following shall be substituted and shall be deemed always to have been substituted, namely:—

"or under any similar scheme applicable to the members of the civil services of the Union or holders of posts connected with defence or of civil posts under the Union (such members or holders being persons not governed by the said Rules) or to the members of the all-India services or to the members of the civil services of a State or holders of civil posts under a State or to the employees of a local authority";

(*b*) for clause (*10*) as so amended, the following clause shall be substituted with effect from the 1st day of April, 1975, namely:—

'(*10*) (*i*) any death-*cum*-retirement gratuity received under the revised Pension Rules of the Central Government or, as the

case may be, the Central Civil Services (Pension) Rules, 1972, or under any similar scheme applicable to the members of the civil services of the Union or holders of posts connected with defence or of civil posts under the Union (such members or holders being persons not governed by the said Rules) or to the members of the all-India services or to the members of the civil services of a State or holders of civil posts under a State or to the employees of a local authority or any payment of retiring gratuity received under the Pension Code or Regulations applicable to the members of the defence services;

(*ii*) any gratuity received under the Payment of Gratuity Act, 1972, to the extent it does not exceed an amount calculated in accordance with the provisions of sub-sections (*2*) and (*3*) of section 4 of that Act; 39 of 1972.

(*iii*) any other gratuity received by an employee on his retirement or on his becoming incapacitated prior to such retirement or on termination of his employment, or any gratuity received by his widow, children or dependants on his death, to the extent it does not, in either case, exceed one-half month's salary for each year of completed service, calculated on the basis of the average salary for the three years immediately preceding the year in which the gratuity is paid, subject to a maximum of thirty thousand rupees or twenty months' salary so calculated, whichever is less:

Provided that where any gratuities referred to in this clause are received by an employee from more than one employer in the same previous year, the aggregate amount exempt from income-tax under this clause shall not exceed thirty thousand rupees:

Provided further that where any such gratuity or gratuities was or were received in any one or more earlier previous years also and the whole or any part of the amount of such gratuity or gratuities was not included in the total income of the assessee of such previous year or years, the amount exempt from income-tax under this clause shall not exceed thirty thousand rupees as reduced by the amount or, as the case may be, the aggregate amount not included in the total income of any such previous year or years.

Explanation.—In this clause, "salary" shall have the meaning assigned to it in clause (*h*) of rule 2 of Part A of the Fourth Schedule;';

(*c*) in clause (*10A*), in sub-clause (*i*), for the words "or under any similar scheme applicable to the members of the Defence Services or to the employees of a State Government, a local authority", the following shall be substituted and shall be deemed always to have been substituted, namely:—

"or under any similar scheme applicable to the members of the civil services of the Union or holders of posts connected with defence or of civil posts under the Union (such members or

holders being persons not governed by the said Rules) or to the members of the all-India services or to the members of the defence services or to the members of the civil services of a State or holders of civil posts under a State or to the employees of a local authority";

(*d*) after clause (*23A*), the following clause shall be inserted with effect from the 1st day of June, 1974, namely:—

'(*23B*) any income of an institution constituted as a public charitable trust or registered under the Societies Registration Act, 1860, or under any law corresponding to that Act in force in any part of India, and existing solely for the development of khadi or village industries or both, and not for purposes of profit, to the extent such income is attributable to the business of production, sale, or marketing, of khadi or products of village industries:

21 of 1860.

Provided that—

(*i*) the institution applies its income, or accumulates it for application, solely for the development of khadi or village industries or both; and

(*ii*) the institution is, for the time being, approved for the purpose of this clause by the Khadi and Village Industries Commission:

Provided further that the Commission shall not, at any one time, grant such approval for more than three assessment years beginning with the assessment year next following the financial year in which it is granted.

Explanation.—For the purposes of this clause,—

(*i*) "Khadi and Village Industries Commission" means the Khadi and Village Industries Commission established under the Khadi and Village Industries Commission Act, 1956;

61 of 1956.

(*ii*) "khadi" and "village industries" have the meanings respectively assigned to them in that Act;'.

Amendment of section 16.

4. In section 16 of the Income-tax Act, with effect from the 1st day of April, 1975,—

(*a*) for clause (*i*), the following clause shall be substituted, namely:—

"(*i*) in respect of expenditure incidental to the employment of the assessee, a sum calculated on the basis provided hereunder, namely:—

(*a*) where the salary derived from such employment does not exceed Rs. 10,000	20 per cent. of such salary;

(*b*) where the salary derived from such employment exceeds Rs. 10,000	Rs. 2,000 *plus* 10 per cent. of the amount by which such salary exceeds Rs. 10,000 or Rs. 3,500, whichever is less:	

Provided that—

(*i*) where the assessee is in receipt of a conveyance allowance from his employer; or

(*ii*) where any motor car, motor cycle, scooter or other moped is provided to the assessee by his employer for use by the assessee, otherwise than wholly and exclusively in the performance of his duties; or

(*iii*) where one or more motor cars are owned or hired by the employer of the assessee and the assessee is allowed the use of such motor car or all or any of such motor cars, otherwise than wholly and exclusively in the performance of his duties,

the deduction under this clause shall not exceed one thousand rupees;";

(*b*) clauses (*iii*), (*iv*) and (*v*) shall be omitted.

Amendment of section 36.

5. In section 36 of the Income-tax Act, in clause (*viii*) of sub-section (*1*), with effect from the 1st day of April, 1975,—

(*a*) for the portion beginning with the words "an amount not exceeding—" and ending with the words "ten per cent.,", the following shall be substituted, namely:—

"an amount not exceeding—

(*a*) in the case of a Financial Corporation or a Joint Financial Corporation established under the State Financial Corporations Act, 1951, forty per cent. 63 of 1951.

(*b*) in the case of any other financial corporation,—

(*i*) where the paid-up share capital of the corporation does not exceed three crores of rupees, twenty-five per cent.,

(*ii*) where the paid-up share capital of the corporation exceeds three crores of rupees, ten per cent.,";

(*b*) the *Explanation* shall be omitted.

Amendment of section 74A.

6. In section 74A of the Income-tax Act, with effect from the 1st day of April, 1975,—

(*a*) in sub-section (*1*), for the words "except against income, if any, from the same source", the words "against income, if any, from any other source under that head or against income under any other head" shall be substituted;

(*b*) after sub-section (*2*), the following sub-section shall be inserted, namely:—

'(*3*) Where for any assessment year, in the case of an assessee, being the owner of horses maintained by him for running in horse races (such horses being hereafter in this sub-section referred to as race horses), the net result of the computation in respect of the source specified in clause (*c*) of sub-section (*2*) is a loss, then, so much of the amount of such loss as does not exceed the amount of loss incurred by the assessee in the activity of owning and maintaining race horses shall, subject to the other provisions of this Chapter, be carried forward to the following assessment year and—

(*a*) it shall be set off against the income, if any, from the source specified in clause (*c*) of sub-section (*2*) assessable for that assessment year:

Provided that the activity of owning and maintaining race horses is carried on by him in the previous year relevant for that assessment year; and

(*b*) if the loss cannot be wholly so set off, the amount of loss not so set off shall be carried forward to the following assessment year and so on; so, however, that no portion of the loss shall be carried forward for more than four assessment years immediately succeeding the assessment year for which the loss was first computed.

Explanation.—For the purposes of this sub-section—

(*a*) "amount of loss incurred by the assessee in the activity of owning and maintaining race horses" means—

(*i*) in a case where the assessee has no income by way of stake money, the amount of expenditure (not being in the nature of capital expenditure) laid out or expended by him wholly and exclusively for the purposes of maintaining the race horses;

(*ii*) in a case where the assessee has income by way of stake money, the amount by which such income falls short of the amount of expenditure (not being in the nature of capital expenditure) laid out or expended by the assessee wholly and exclusively for the purposes of maintaining race horses;

(*b*) "horse race" means a horse race upon which wagoning or betting may be lawfully made;

(*c*) "income by way of stake money" means the gross amount of prize money received on a race horse or race horses by the owner thereof on account of the horse or horses or any one or more of the horses winning or being pleaced second or in any lower position in horse race.',

Amendment of section 80MM.

7. In section 80MM of the Income-tax Act, with effect from the 1st day of April, 1975,—

(*a*) in sub-section (*1*), the words and brackets "or a person (other than a company) who is resident in India" shall be omitted;

(*b*) sub-section (*2A*) shall be omitted.

Amendment of section 80N.

8. In section 80N of the Income-tax Act,—

(*a*) the words and brackets "or a person (other than a company) who is resident in India" shall be omitted with effect from the 1st day of April, 1975;

(*b*) for the words "is included in the gross total income of the assessee, there shall be allowed a deduction of the whole of such income.", the words "included in the gross total income of the assessee is received in, or brought into, India by him or on his behalf in accordance with any law for the time being in force for regulating payments and dealings in foreign exchange, there shall be allowed a deduction of the whole of the income so received or brought," shall be substituted and shall be deemed always to have been substituted

Amendment of section 80O.

9. In section 80O of the Income-tax Act,—

(*a*) in sub-section (*1*), for the words "there shall be allowed, in accordance with and subject to the provisions of this section, a deduction of the whole of such income", the words "and such income is received in, or brought into, India by the assessee or on his behalf in accordance with any law for the time being in force for regulating payments and dealings in foreign exchange, there shall be allowed, in accordance with and subject to the provisions of this section, a deduction of the whole of the income so received or brought" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1972;

(*b*) in sub-section (*1*) as so amended, for the brackets, figure and words "(*1*) Where the gross total income of an assessee, being an Indian company or a person (other than a company) who is resident in India,", the words "Where the gross total income of an assessee, being an Indian company," shall be substituted with effect from the 1st day of April, 1975;

(*c*) sub-section (*2*) shall be omitted with effect from the 1st day of April, 1975.

10. In section 139 of the Income-tax Act, with effect from the 1st day of April, 1975,— **Amendment of section 139.**

(*a*) after sub-section (*1*), the following sub-section shall be inserted, namely:—

'(*1A*) Notwithstanding anything contained in sub-section (*1*), no person need furnish under that sub-section a return of his income or the income of any other person in respect of whose total income he is assessable under this Act, if his income or, as the case may be, the income of such other person during the previous year consisted only of income chargeable under the head "Salaries" or of income chargeable under that head and also income of the nature referred to in any one or more of clauses (*i*) to (*ix*) of sub-section (*1*) of section 80L and the following conditions are fulfilled, namely:—

(*a*) where he or such other person was employed during the previous year by a company, he or such other person was at no time during the previous year a director of the company or a beneficial owner of shares in the company (not being shares entitled to a fixed rate of dividend whether with or without a right to participate in profits) carrying not less than twenty per cent. of the voting power;

(*b*) his salary or the salary of such other person, exclusive of the value of all benefits or amenities not provided for by way of monetary payment, does not exceed eighteen thousand rupees;

(*c*) the amount of income of the nature referred to in clauses (*i*) to (*ix*) of sub-section (*1*) of section 80L, if any, does not, in the aggregate, exceed three thousand rupees; and

(*d*) the tax deductible at source under section 192 from the income chargeable under the head "Salaries" has been deducted from that income.

Explanation.—For the purposes of this sub-section, "salary" shall have the meaning assigned to it in clause (*1*) of section 17.';

(*b*) in sub-section (*3*), after the word and figures "section 74", the words, brackets, figures and letter "or sub-section (*3*) of section 74A" shall be inserted.

11. In the Income-tax Act, section 209 shall be re-numbered as sub-section (*1*) thereof and— **Amendment of section 209.**

(*a*) in sub-section (*1*) as so re-numbered, for the words "The amount of advance tax payable by an assessee in the financial year

shall be computed as follows:—", the words, brackets and figures "The amount of advance tax payable by an assessee in the financial year shall, subject to the provisions of sub-sections (2) and (3), be computed as follows:—" shall be substituted;

(b) after sub-section (1) as so re-numbered, the following sub-sections shall be inserted, namely:—

"(2) Where the Finance Act of the relevant year provides that, in the case of any class of assessees, net agricultural income (as defined in that Act) shall be taken into account for the purposes of computing advance tax, then, the net agricultural income to be taken into account in the case of any assessee falling in that class, shall be—

(a) in cases where the Income-tax Officer makes an order under sub-section (1) or sub-section (3) of section 210,—

(i) if the total income of the latest previous year in respect of which the assessee has been assessed by way of regular assessment forms the basis of computation of advance tax payable by him, the net agricultural income which has been taken into account for the purposes of charging income-tax for the assessment year relevant to that previous year; or

(ii) if the total income of the previous year on the basis of which tax has been paid by the assessee under section 140A forms the basis of computation of advance tax, the net agricultural income as returned by the assessee in the return of income for the assessment year relevant to that previous year;

(b) in cases where an estimate is sent by the assessee under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (3A) of section 212, the net agricultural income, as estimated by him, of the period which would be the previous year for the immediately following assessment year.

(3) Where the Finance Act of the relevant year specifies any separate rate or rates for the purposes of computing advance tax in the case of every Hindu undivided family which has at least one member whose total income of the previous year exceeds the maximum amount not chargeable to income-tax in his case, then, the Income-tax Officer shall, for making an order under section 210 in the case of any such Hindu undivided family, compute (subject to the provisions of section 164) the advance tax at such rate or rates—

(a) in a case where the total income of the latest previous year in respect of which the Hindu undivided family

has been assessed by way of regular assessment forms the basis of computation of advance tax, if the total income of any member of the family for the assessment year relevant to such latest previous year exceeds the maximum amount not chargeable to income-tax in his case;

(*b*) in a case where the total income of the previous year on the basis of which tax has been paid by the Hindu undivided family under section 140A forms the basis of computation of advance tax, if the total income of any member of the family for the assessment year relevant to such previous year exceeds the maximum amount not chargeable to income-tax in his case.".

Amendment of Fourth Schedule.

12. In the Fourth Schedule to the Income-tax Act, in Part A,—

(*a*) in sub-rule (*3*) of rule 5, after clause (*b*), the following clause shall be inserted, namely:—

"(*c*) the fund may also consist of any amount transferred from the individual account of an employee in any recognised provident fund maintained by his former employer and the interest in respect thereof.";

(*b*) in rule 8, with effect from the 1st day of April, 1975,—

(*i*) in clause (*ii*), the word "or" shall be inserted at the end;

(*ii*) after clause (*ii*), the following clause and *Explanation* shall be inserted, namely:—

"(*iii*) if, on the cessation of his employment, the employee obtains employment with any other employer, to the extent the accumulated balance due and becoming payable to him is transferred to his individual account in any recognised provident fund maintained by such other employer.

Explanation.—Where the accumulated balance due and becoming payable to an employee participating in a recognised provident fund maintained by his employer includes any amount transferred from his individual account in any other recognised provident fund or funds maintained by his former employer or employers, then, in computing the period of continuous service for the purposes of clause (*i*) or clause (*ii*) the period or periods for which such employee rendered continuous service under his former employer or employers aforesaid shall be included.".

Consequential amendments to certain sections.

13. The following amendments (being amendments of a consequential nature) shall be made in the Income-tax Act with effect from the 1st day of April, 1975, namely:—

(*i*) in sub-section (*2*) of section 75, for the words, brackets and figures "or sub-section (*1*) of section 74", the words, brackets, figures and letter ", sub-section (*1*) of section 74 or sub-section (*3*) of section 74A" shall be substituted;

(*ii*) in clause (*b*) of sub-section (*2*) of section 77, after the word and figures "section 74", the words, brackets, figures and letter "or sub-section (*3*) of section 74A" shall be inserted;

(*iii*) in section 80, after the word and figures "section 74", the words, brackets, figures and letter "or sub-section (*3*) of section 74A" shall be inserted;

(*iv*) in sub-section (*3*) of section 80A, the words, figures and letters "or section 80MM or section 80N or section 80O" shall be omitted;

(*v*) in clause (*iv*) of sub-section (*2*) of section 141A, after the word and figures "section 74", the words, brackets, figures and letter "or sub-section (*3*) of section 74A" shall be inserted;

(*vi*) in sub-clause (*iv*) of clause (*b*) of sub-section (*1*) of section 143, after the word and figures "section 74", the words, brackets, figures and letter "or sub-section (*3*) of section 74A" shall be inserted;

(*vii*) in sub-section (*4*) of section 155, after the word and figures "section 74", the words, brackets, figures and letter "or sub-section (*3*) of section 74A" shall be inserted;

(*viii*) in section 157, for the words, brackets and figures "or sub-section (*1*) of section 74", at both the places where they occur, the words, brackets, figures and letter ", sub-section (*1*) of section 74 or sub-section (*3*) of section 74A" shall be substituted.

Wealth-tax

Amendment of Act 27 of 1957.

14. In the Wealth-tax Act, 1957, with effect from the 1st day of April, 1975,—

(*1*) in clause (*e*) of section 2,—

(*a*) in item (*ii*) of sub-clause (*2*), for the words "any annuity", the words and brackets "any annuity (not being an annuity purchased by the assessee or purchased by any other person in pursuance of a contract with the assessee)" shall be substituted;

(*b*) in the proviso, for the words, brackets and figures "items (*i*) to (*iii*)", the word, brackets and figure "item (*i*)" and for the words, brackets and figures "items (*i*) to (*v*)", the words, brackets and figures "items (*i*) to (*iii*)" shall be substituted;

(2) in section 5,—

(*a*) in sub-section (*1*),—

(*i*) for clause (*iva*), the following clause shall be substituted, namely:—

"(*iva*) agricultural land belonging to the assessee;";

(*ii*) in clause (*ivb*), in the proviso, for the words "as dwelling house, store house or outhouse", the words "as store house or for keeping livestock" shall be substituted;

(*iii*) in clause (*vi*), the following proviso shall be inserted at the end, namely:—

"Provided that in the case of a policy of insurance the premium or other payment whereon is payable during a period of less than ten years, the amount that shall not be included in the net wealth of the assessee under this clause shall be a sum that bears to the value of the right or interest of the assessee in the policy the same proportion as the number of years during which the premium or other payment on the policy is payable bears to ten;";

(*b*) in sub-section (*1A*), for the word, brackets and figures "clauses (*xv*),", the word, brackets, figures and letter "clauses (*iva*), (*xv*)," shall be substituted;

(*3*) in the Schedule, in Paragraph A of Part I, for items (*1*) and (*1A*), the following items shall be substituted, namely:—

"(*1*) In the case of every individual or Hindu undivided family, not being a Hindu undivided family to which item (*1A*) of this Paragraph applies—

	Rate of tax
(*a*) where the net wealth does not exceed Rs. 5,00,000	1 per cent. of the net wealth;
(*b*) where the net wealth exceeds Rs. 5,00,000 but does not exceed Rs. 5,00,000.	Rs. 5,000 *plus* 3 per cent. of the amount by which the net wealth exceeds Rs. 5,00,000;
(*c*) where the net wealth exceeds Rs. 10,00,000 but does not exceed Rs. 15,00,000	Rs. 20,000 *plus* 4 per cent. of the amount by which the net wealth exceeds Rs. 10,00,000;
(*d*) where the net wealth exceeds Rs. 15,00,000	Rs. 40,000 *plus* 8 per cent. of the amount by which the net wealth exceeds Rs. 15,00,000:

Provided that for the purposes of this item,—

(*i*) no wealth-tax shall be payable where the net wealth does not exceed the following limit, namely:—

(*A*) Rs. 1,00,000, in the case of an individual;

(*B*) Rs. 2,00,000, in the case of a Hindu undivided family;

(*ii*) the wealth-tax payable shall, in no case, exceed 10 per cent. of the amount by which the net wealth exceeds the limit specified in sub-clause (*A*) or, as the case may be, sub-clause (*B*) of clause (*i*) of this proviso.

(*1A*) In the case of every Hindu undivided family which has at least one member whose net wealth assessable for the assessment year exceeds Rs. 1,00,000—

	Rate of tax
(*a*) where the net wealth does not exceed Rs. 5,00,000	3 per cent. of the net wealth;

(*b*) where the net wealth exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 15,000 *plus* 4 per cent. of the amount by which the net wealth exceeds Rs. 5,00,000;
(*c*) where the net wealth exceeds Rs. 10,00,000	Rs. 35,000 *plus* 8 per cent. of the amount by which the net wealth exceeds Rs. 10,00,000:

Provided that for the purposes of this item,—

(*i*) no wealth-tax shall be payable where the net wealth does not exceed Rs. 2,00,000;

(*ii*) the wealth-tax payable shall, in no case, exceed 10 per cent. of the amount by which the net wealth exceeds Rs. 2,00,000.".

Surtax

Amendment of Act 7 of 1964.

15. In the Companies (Profits) Surtax Act, 1964, in the Third Schedule, with effect from the 1st day of April, 1975,—

(*a*) for the figures and words "30 per cent.", the figures and words "40 per cent." shall be substituted;

(*b*) the following proviso shall be inserted at the end, namely:—

"Provided that where in the case of an Indian company or a company which has made the prescribed arrangements for the declaration and payment of dividends within India—

(*i*) which is such a company as is referred to in section 108 of the Income-tax Act, and

(*ii*) whose paid-up share capital (subscribed and paid for in cash) as on the last day of the previous year, is not less than twenty-five per cent. of the amount of the capital as computed under the Second Schedule to this Act,

the aggregate of—

(*a*) the amount of income-tax payable by the company in respect of its total income of the previous year under the provisions of the Income-tax Act after making allowance for any relief, rebate or deduction in respect of income-tax to which the company is entitled under the provisions of the said Act or the annual Finance Act; and

(*b*) the amount of surtax computed in accordance with the foregoing provisions of this Schedule,

exceeds the amount calculated at seventy per cent. of the total income of the company, the amount of such excess shall be deducted from the amount of surtax referred to in clause (*b*) above and the balance shall be the amount of the surtax payable by the company.".

Miscellaneous

Continuance of development rebate in certain cases.

16. The notification of the Government of India in the Ministry of Finance (Department of Revenue and Insurance) No. S. O. 2167, dated the 28th day of May, 1971, issued under sub-section (5) of section 33 of the Income-tax Act shall not apply in respect of—

(*a*) any ship acquired after the 31st day of May, 1974 but before the 1st day of June, 1975 by any assessee, if the assessee furnishes evidence to the satisfaction of the Income-tax Officer that he had, before the 1st day of December, 1973, entered into a contract for the purchase of such ship with the builder or owner thereof;

(*b*) any machinery or plant, being a coal-fired boiler, or any machinery or plant for converting an oil-fired boiler into a coal-fired boiler, installed by any assessee after the 31st day of May, 1974 but before the 1st day of June, 1975.

(*c*) any machinery or plant [not being machinery or plant referred to in clause (*b*)] installed by any assessee after the 31st day of May, 1974 but before the 1st day of June, 1975, if the assessee furnishes evidence to the satisfaction of the Income-tax Officer that before the 1st day of December, 1973 he had purchased such machinery or plant or had entered into a contract for the purchase of such machinery or plant with the manufacturer or owner of, or a dealer in, such machinery or plant.

and accordingly the provisions of the Income-tax Act shall have effect in relation to such ship, machinery or plant, subject to the conditions specified in clauses (*a*), (*b*) and (*c*).

Amendment of Section 80 as original enacted, of the Income tax Act.

17. Section 80O of the Income-tax Act, as it stood immediately before the 1st day of April, 1972 shall have and shall be deemed always to have had effect subject to the modification that for the words, figure and letters "under an agreement approved by the Central Government in this behalf before the 1st day of October of the relevant assessment year", the words, figure and letters "under an agreement approved by the Central Government in this behalf before the 1st day of October of the relevant assessment year and such income is received in, or brought into, India by the assessee or on his behalf in accordance with any law for the time being in force for regulating payments and dealings in foreign exchange" were substituted.

CHAPTER IV

INDIRECT TAXES

Amendment of Act 32 of 1934.

18. In the Indian Tariff Act, 1934 (hereinafter referred to as the Tariff Act),—

(*a*) in section 3, after sub-section (3), the following sub-sections shall be inserted, namely:—

"(4) Notwithstanding anything contained in sub-section (*1*), where the Central Government is satisfied that in the interests of trade including promotion of exports, it is necessary to take immediate action for discontinuing the preferential rate, or increasing the preferential rate to a rate not exceeding the standard rate, or decreasing the preferential rate, in respect of an article specified in the First Schedule, the Central Government may, by notification in the Official Gazette, direct an amendment of the said Schedule to be made so as to provide for such discontinuance of, or increase or decrease, as the case may be, in, the preferential rate.

(5) Every notification issued under sub-section (4) shall, as soon as may be after it is issued, be laid before each House of Parliament.";

(*b*) in the First Schedule, in Item No. 22(4), for the entry in the fourth column against sub-item (*a*), the entry "Rs. 80·00 per litre or 270 per cent. *ad valorem*, whichever is higher." shall be substituted.

Auxiliary duties of customs.

19. (*1*) In the case of goods mentioned in the First Schedule to the Tariff Act, or in that Schedule as amended from time to time, there shall be levied and collected as an auxiliary duty of customs an amount equal to twenty per cent. of the value of the goods as determined in accordance with the provisions of section 14 of the Customs Act, 1962 (hereinafter referred to as the Customs Act). 52 of 1962

(2) Sub-section (*1*) shall cease to have effect after the 31st day of March, 1975, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act. 10 of 1897

(3) The auxiliary duties of customs referred to in sub-section (*1*) shall be in addition to any duties of customs chargeable on such goods under the Customs Act, or any other law for the time being in force.

(4) The provisions of the Customs Act, and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the auxiliary duties of customs leviable under this section in respect of

any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations, as the case may be.

Amendment of Act 1 of 1949.

20. In the Indian Tariff (Amendment) Act, 1949, in sections 4 and 5, for the figures "1974", the figures "1975" shall be substituted.

Amendment of Act 1 of 1944.

21. The Central Excises and Salt Act, 1944 (hereinafter referred to as the Central Excises Act) shall be amended in the manner specified in the Second Schedule.

Auxiliary duties of excise.

22. (*1*) In the case of goods mentioned in the First Schedule to the Central Excises Act, or in that Schedule as amended from time to time, there shall be levied and collected as an auxiliary duty of excise an amount equal to twenty per cent. of the value of the goods as determined in accordance with the provisions of section 4 of the Central Excises Act.

(*2*) Sub-section (*1*) shall cease to have effect after the 31st day of March, 1975, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

10 of 1897.

(*3*) The auxiliary duties of excise referred to in sub-section (*1*) shall be in addition to any duties of excise chargeable on such goods under the Central Excises Act, or any other law for the time being in force.

(*4*) The auxiliary duties of excise referred to in sub-section (*1*) shall be levied for the purposes of the Union and the proceeds thereof shall not be distributed among the States.

(*5*) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the auxiliary duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules, as the case may be.

Amendment of Act 27 of 1958.

23. The Mineral Products (Additional Duties of Excise and Customs) Act, 1958 (hereinafter referred to as the Mineral Products Act) shall be amended in the manner specified in the Third Schedule.

Discontinuance of salt duty.

24. For the year beginning on the 1st day of April, 1974, no duty under the Central Excises Act or the Tariff Act shall be levied in respect of salt manufactured in, or imported into, India.

CHAPTER V

MISCELLANEOUS

Amendment of Act 6 of 1898.

25. In the First Schedule to the Indian Post Office Act, 1898,—

(*a*) for the sub-headings *"Letters"*, *"Letter-cards"* and *"Post cards"* and the entries under those sub-headings, the following shall be substituted, namely:—

"Letters

25 Paise

For every fifteen grams, or fraction thereof, exceeding fifteen grams	15 Paise

Letter-cards

For a letter-card	20 Paise

Post cards

Single	15 Paise
Reply	30 Paise";

(*b*) for the sub-heading "*Parcels*" and the entries thereunder, the following shall be substituted, namely:—

"*Parcels*

For a weight not exceeding five hundred grams	One rupee and fifty paise
For every five hundred grams, or fraction thereof, exceeding five hundred grams	One rupee and fifty paise".

Declaration under the Provisional Collection of Taxes Act, 1931. 16 of 1931.

It is hereby declared that it is expedient in the public interest that the provisions of clauses 18(*b*), 19, 20, 21, 22 and 23 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.

THE FIRST SCHEDULE

(*See* section 2)

PART I

INCOME-TAX AND SURCHARGES ON INCOME-TAX

Paragraph A

Sub-Paragraph I

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 5,00	*Nil;*
(2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000	10 per cent. of the amount by which the total income exceeds Rs. 5,000;
(3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000	Rs. 500 *plus* 17 per cent. of the amount by which the total income exceeds Rs. 10,000;
(4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,350 *plus* 23 per cent. of the amount by which the total income exceeds Rs. 15,000;
(5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,500 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000;

(6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 4,000 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 25,000;
(7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 40,000	Rs. 6,000 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 30,000;
(8) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000	Rs. 11,000 *plus* 60 per cent. of the amount by which the total income exceeds Rs. 40,000;
(9) where the total income exceeds Rs. 60,000 but does not exceed Rs. 80,000	Rs. 23,000 *plus* 70 per cent. of the amount by which the total income exceeds Rs. 60,000;
(10) where the total income exceeds Rs. 80,000 but does not exceed Rs. 1,00,000	Rs. 37,000 *plus* 75 per cent. of the amount by which the total income exceeds Rs. 80,000;
(11) where the total income exceeds Rs. 1,00,000 but does not exceed Rs. 2,00,000	Rs. 52,000 *plus* 80 per cent. of the amount by which the total income exceeds Rs. 1,00,000;
(12) where the total income exceeds Rs. 2,00,000	Rs. 1,32,000 *plus* 85 per cent. of the amount by which the total income exceeds Rs. 2,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the following rates, namely:—

(*a*) in a case where the total income does not exceed Rs. 15,000	10 per cent.;
(*b*) in any other case	15 per cent.:

Provided that the amount of surcharge payable shall, in no case, exceed the aggregate of the following sums, namely:—

(*i*) an amount calculated at the rate of 10 per cent. on the amount of income-tax on an income of Rs. 15,000, if such income had been the total income (the income of Rs. 15,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the person concerned); and

(*ii*) 40 per cent. of the amount by which the total income exceeds Rs. 15,000.

Sub-Paragraph II

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1974 exceeds Rs. 5,000,—

Rates of income-tax

(1) where the total income does not exceed Rs. 5,000	*Nil;*
(2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000	17 per cent. of the amount by which the total income exceeds Rs. 5,000;

(3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000	Rs. 850 *plus* 23 per cent. of the amount by which the total income exceeds Rs. 10,000;
(4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 2,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 15,000;
(5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 3,500 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 20,000;
(6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 5,500 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 25,000;
(7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 40,000	Rs. 8,000 *plus* 60 per cent. of the amount by which the total income exceeds Rs. 30,000;
(8) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000	Rs. 14,000 *plus* 70 per cent. of the amount by which the total income exceeds Rs. 40,000;
(9) where the total income exceeds Rs. 60,000 but does not exceed Rs. 80,000	Rs. 28,000 *plus* 75 per cent. of the amount by which the total income exceeds Rs. 60,000;
(10) where the total income exceeds Rs. 80,000 but does not exceed Rs. 1,00,000	Rs. 43,000 *plus* 80 per cent. of the amount by which the total income exceeds Rs. 80,000;
(11) where the total income exceeds Rs. 1,00,000	Rs. 59,000 *plus* 85 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of fifteen per cent. of such income-tax.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	15 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,500 *plus* 25 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 4,000 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes

of the Union calculated at the rate of fifteen per cent. of such income-tax.

Paragraph C

In the case of every registered firm,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	*Nil;*
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	4 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 600 *plus* 6 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,100 *plus* 12 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 8,100 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharges on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder:—

(*a*) in the case of a registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income, a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified;

(*b*) in the case of any other registered firm, a surcharge calculated at the rate of twenty per cent. of the amount of income-tax computed at the rate hereinbefore specified; and

(*c*) a special surcharge calculated at the rate of fifteen per cent. on the aggregate of the following amounts, namely:—

(*i*) the amount of income-tax computed at the rate hereinbefore specified; and

(*ii*) the amount of the surcharge calculated in accordance with clause (*a*) or, as the case may be, clause (*b*).

Explanation.—For the purposes of this Paragraph, "registered firm" includes an unregistered firm assessed as a registered firm under clause (*b*) of section 183 of the Income-tax Act.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income.	50 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of fifteen per cent. of such income-tax.

Paragraph E

In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,— 31 of 1956

Rates of income-tax

(*i*) on that part of its total income which consists of profits and gains from life insurance business	52.5 per cent.;
(*ii*) on the balance, if any, of the total income	the rate of income-tax applicable, in accordance with Paragraph F of this Part, to the total income of a domestic company which is a company in which the public are substantially interested.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

Paragraph F

In the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,— 31 of 1956

Rates of income-tax

I. In the case of a domestic company,—

(1) where the company is a company in which the public are substantially interested,—	
(*i*) in a case where the total income does not exceed Rs. 1,00,000	45 per cent. of the total income;
(*ii*) in a case where the total income exceeds Rs. 1,00,000	55 per cent. of the total income;
(2) where the company is not a company in which the public are substantially interested,—	
(*i*) in the case of an industrial company—	
(*a*) on so much of the total income as does not exceed Rs. 2,00,000	55 per cent.;
(*b*) on the balance, if any, of the total income	60 per cent.;
(*ii*) in any other case	65 per cent. of the total income:

Provided that the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 1,00,000, shall not exceed the aggregate of—

(*a*) the income-tax which would have been payable by the company if its total income had been Rs. 1,00,000 (the income of Rs. 1,00,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(*b*) eighty per cent. of the amount by which its total income exceeds Rs. 1,00,000.

II. In the case of a company other than a domestic company—

(*i*) on so much of the total income as consists of—	
(*a*) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, or	
(*b*) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964,	
and where such agreement has, in either case, been approved by the Central Government	50 per cent.;
(*ii*) on the balance, if any, of the total income	70 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

PART II

Rates for deduction of tax at source in certain cases

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to deduction, at the following rates:—

	Income-tax	
	Rate of income-tax	Rate of surcharge
1. In the case of a person other than a company—		
(*a*) where the person is resident—		
(*i*) on income by way of interest other than "Interest on securities"	10 per cent.	Nil

	Income-tax	
	Rate of income-tax	Rate of surcharge
(*ii*) on income by way of winnings from lotteries and cross-word puzzles	30 per cent.	3 per cent.;
(*iii*) on income by way of insurance commission	10 per cent.	*Nil;*
(*iv*) on any other income (excluding interest payable on a tax-free security)	21 per cent.	2 per cent.;
(*b*) where the person is not resident in India—		
(*i*) on the whole income (excluding interest payable on a tax-free security)	income-tax at 30 per cent. and surcharge at 3 per cent. of the amount of the income, *or* income-tax and surcharge on income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income, whichever is higher;	
(*ii*) on income by way of interest payable on a tax-free security	15 per cent.	1.5 per cent.
2. In the case of a company—		
(*a*) where the company is a domestic company—		
(*i*) on income by way of interest other than "Interest on securities"	20 per cent.	1 per cent.;
(*ii*) on any other income (excluding interest payable on a tax-free security)	22 per cent.	1 per cent.;
(*b*) where the company is not a domestic company—		
(*i*) on income by way of dividends payable by any domestic company	24.5 per cent.	1.225 per cent.;
(*ii*) on income by way of royalties payable by an Indian concern in pursuance of an agreement made by it with the Indian concern after the	50 per cent.	2.5 per cent.;

	Income-tax	
	Rate of income-tax	Rate of surcharge
31st day of March, 1961, and which has been approved by the Central Government		
(*iii*) on income by way of fees payable by an Indian concern for rendering technical services in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964, and which has been approved by the Central Government	50 per cent.	2·5 per cent.;
(*iv*) on income by way of interest payable on a tax-free security	44 per cent.	2·2 per cent.;
(*v*) on any other income	70 per cent.	3·5 per cent.

PART III

Rates for calculating or charging income-tax in certain cases, deducting income-tax from income chargeable under the head "Salaries" or any payment referred to in sub-section (9) of section 80E and computing "advance tax".

In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" (not being "advance tax" in respect of any income chargeable to tax under section 164 of the Income-tax Act at the rate of sixty-five per cent.) shall be so calculated, charged, deducted or computed at the following rate or rates:—

Paragraph A

Sub-Paragraph I

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act,

not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 6,000	*Nil*;
(2) where the total income exceeds Rs. 6,000 but does not exceed Rs. 10,000	12 per cent. of the amount by which the total income exceeds Rs. 6,000;
(3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000	Rs. 480 *plus* 15 per cent. of the amount by which the total income exceeds Rs. 10,000;
(4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,230 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 15,000;
(5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,230 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
(6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 3,730 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 25,000;
(7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 5,730 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 30,000;
(8) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000	Rs. 15,730 *plus* 60 per cent. of the amount by which the total income exceeds Rs. 50,000;
(9) where the total income exceeds Rs. 70,000	Rs. 27,730 *plus* 70 per cent. of the amount by which the total income exceeds Rs. 70,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Sub-Paragraph II

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1975 exceeds Rs. 6,000,—

Rates of income-tax

(1) where the total income does not exceed Rs. 6,000	*Nil*;
(2) where the total income exceeds Rs. 6,000 but does not exceed Rs. 10,000	15 per cent. of the amount by which the total income exceeds Rs. 6,000;
(3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000	Rs. 600 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 10,000;

(4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,600 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 15,000;
(5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 3,100 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 20,000;
(6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 5,100 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 25,000;
(7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 7,600 *plus* 60 per cent. of the amount by which the total income exceeds Rs. 30,000;
(8) where the total income exceeds Rs. 50,000	Rs. 19,600 *plus* 70 per cent. of the amount by which the total income exceeds Rs. 50,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	15 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,500 *plus* 25 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 4,000 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph C

Sub-Paragraph I

In the case every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	*Nil;*
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	5 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 750 *plus* 7 per cent. of the amount by which the total income exceeds Rs. 25,000;

(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,500 *plus* 15 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 10,000 *plus* 24 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Sub-Paragraph II

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	*Nil;*
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	4 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 600 *plus* 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,350 *plus* 13 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000.	Rs. 8,850 *plus* 22 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Explanation.—For the purposes of this Paragraph, "registered firm" includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income	50 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph E

In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,— 31 of 1956.

Rates of income-tax

(*i*) on that part of its total income which consists of profits and gains from life insurance business	52.5 per cent.;
(*ii*) on the balance, if any, of the total income	the rate of income-tax applicable, in accordance with Paragraph F of this Part, to the total income of a domestic company which is a company in which the public are substantially interested.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

Paragraph F

In the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,— 31 of 1956.

Rates of income-tax

I. In the case of a domestic company,—	
(1) where the company is a company in which the public are substantially interested,—	
(*i*) in a case where the total income does not exceed Rs. 1,00,000	45 per cent. of the total income;
(*ii*) in a case where the total income exceeds Rs. 1,00,000	55 per cent. of the total income;
(2) where the company is not a company in which the public are substantially interested,—	
(*i*) in the case of an industrial company—	
(*a*) on so much of the total income as does not exceed Rs. 2,00,000	55 per cent.;

(*b*) on the balance, if any, of the total income	60 per cent.;
(*ii*) in any other case	65 per cent. of the total income:

Provided that the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 1,00,000, shall not exceed the aggregate of—

(*a*) the income-tax which would have been payable by the company if its total income had been Rs. 1,00,000 (the income of Rs. 1,00,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(*b*) eighty per cent. of the amount by which its total income exceeds Rs. 1,00,000.

II. In the case of a company other than a domestic company—

(*i*) on so much of the total income as consists of—	
(*a*) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, or	
(*b*) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964,	
and where such agreement has, in either case, been approved by the Central Government	50 per cent
(*ii*) on the balance, if any, of the total income	70 per cent

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

PART IV

[*See* section 2 (8) (*e*)]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

Rule 1.—Agricultural income of the nature referred to in sub-clause (*a*) of clause (1) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (3) and (4) of section 40A.

Rule 2.—Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (1) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 34, 36, 37, 38, 40, 40A [other than sub-sections (3) and (4) thereof], 41, 43 and 43A of the Income-tax Act shall, so far as may be, apply accordingly.

Rule 3.—Agricultural income of the nature referred to in sub-clause (c) of clause (1) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of the said section 23 shall apply subject to the modifications that the references to "total income" therein shall be construed as references to net agricultural income and that the words, figures and letter "and before making any deduction under Chapter VIA" shall be omitted.

Rule 4.—Notwithstanding anything contained in any other provisions of these rules, in a case where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee.

Rule 5.—Where the assessee is a partner of a registered firm or an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act, which in the previous year has any agricultural income, or is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of the said section 183 and which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an unregistered firm but has any agricultural income, then, the agricultural income or loss of the firm shall be computed in accordance with these rules and his share in the agricultural income or loss of the firm shall be computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act and the share so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 6.—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding

the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 7.—Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

Provided that where the assessee is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of section 183 of the Income-tax Act or is a member of an association of persons or body of individuals and the share of the assessee in the agricultural income of the firm, association or body, as the case may be, is a loss such loss shall not be set off against any income of the assessee from any other source of agricultural income.

Rule 8.—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

Rule 9.—(*1*) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1975 or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than that previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1974 is a loss, then, for the purposes of sub-section (*7*) of section 2 of this Act the loss so computed shall be set off against the agricultural income of the assessee for the previous year first mentioned or the period aforesaid.

(*2*) Where a change has occurred in the constitution of a firm, nothing in sub-rule (*1*) shall entitle the firm to set off so much of the loss proportionate to the share of a retired or deceased partner computed in the manner laid down in sub-section (*1*), sub-section (*2*) and sub-section (*3*) of section 67 as exceeds his share of profits, if any, of the previous year in the firm, or entitle any partner to the benefit of any portion of the said loss (computed in the manner aforesaid) which is not apportionable to him.

(*3*) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (*1*) shall entitle any person other than the person incurring the loss to have it set off under that sub-rule.

(*4*) Notwithstanding anything contained in this rule, no loss which has not been determined by the Income-tax Officer under the provisions of these rules shall be set off under sub-rule (*1*).

Rule 10.—Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil*.

Rule 11.—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

Rule 12.—For the purposes of computing the net agricultural income of the assessee, the Income-tax Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

THE SECOND SCHEDULE

(*See* section 21)

PART I

In the First Schedule to the Central Excises Act,—

(*i*) in Item No. 1A, for the entry in the third column against each of the sub-items (1) and (4), the entry "Ten per cent. *ad valorem.*" shall be substituted;

(*ii*) in Item No. 11A, for the entry in the third column against each of the sub-items (1) and (3), the entry "Twenty per cent. *ad valorem plus* four hundred rupees per metric tonne." shall be substituted;

(*iii*) in Item No. 15AA, for the entry in the third column, the entry "Fifteen per cent. *ad valorem.*" shall be substituted;

(*iv*) in Item No. 17,—

(*a*) in sub-item (2), after the words "cartridge paper,", the words "waxed paper, polyethylene coated paper," shall be inserted;

(*b*) for the entries in the third column against sub-items (1), (2), (3) and (4), the entries "Three rupees per kilogram.", "One rupee and twenty paise per kilogram.", "Sixty paise per kilogram." and "One rupee and twenty paise per kilogram." shall, respectively, be substituted;

(*v*) in Item No. 23A, for the entry in the third column against each of the sub-items (1) and (4), the entry "Twenty-five per cent. *ad valorem.*" shall be substituted;

(*vi*) in Item No. 23B, for the entries in the third column against sub-items (1), (2) and (3), the entries "Twenty-five per cent. *ad valorem.*", "Thirty per cent. *ad valorem.*" and "Thirty per cent. *ad valorem.*" shall, respectively, be substituted;

(*vii*) in Item No. 29A, for the entries in the third column against sub-items (1), (2) and (3), the entries "Seventy-five per cent. *ad valorem.*", "Seventy-five per cent. *ad valorem.*" and "One hundred per cent. *ad valorem.*" shall, respectively, be substituted;

(*viii*) in Item No. 31, for the entry in the third column against sub-item (1), the entry "Twenty-five per cent. *ad valorem.*" shall be substituted;

(*ix*) in Item No. 33D, for the entry in the third column, the entry "Fifteen per cent. *ad valorem.*" shall be substituted;

(*x*) in Item No. 34, for the entries in the third column against sub-items (1), (2), (3) and (4), the entries "Ten per cent. *ad valorem.*", "Twenty-five per cent *ad valorem.*", "Forty per cent. *ad*

valorem." and "Fifteen per cent. *ad valorem.*" shall, respectively, be substituted;

(*xi*) in each of the Items Nos. 46, 49, 50 and 51, for the entry in the third column, the entry "Fifteen per cent. *ad valorem.*" shall be substituted.

PART II

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

In the First Schedule to the Central Excises Act,—

(*i*) after Item No. 14F, the following Item shall be inserted, namely:—

"14FF	TOOTH-PASTE (INCLUDING DENTAL CREAM).	Ten per cent. *ad valorem.*";

(*ii*) after Item No. 28, the following Item shall be inserted, namely:—

"28A	ELECTRICAL STAMPINGS AND LAMINATIONS, ALL SORTS.	Ten per cent. *ad valorem.*";

(*iii*) after Item No. 37A, the following Item shall be inserted, namely:—

"37AA	TAPE RECORDERS (INCLUDING CASSETTE RECORDERS).	Rupees two hundred and fifty each.";

(*iv*) for Item No. 37C, the following Item shall be substituted, namely:—

"37C	PHOTOGRAPHIC APPARATUS AND GOODS, THE FOLLOWING, NAMELY:—	
	(1) Photographic cameras.	Twenty per cent. *ad valorem.*
	(2) Sensitised papers (including Diazotype papers) and sensitised paper boards.	The duty for the time being leviable on the base paper or paper board, as the case may be, if not already paid, *plus* ten per cent. *ad valorem.*";

(*v*) after Item No. 51, the following Item shall be inserted, namely:—

"51A	CUTTING TOOLS, THE FOLLOWING, NAMELY:—	Ten per cent. *ad valorem.*";
	(1) Files and rasps	
	(2) Hacksaw blades	
	(3) Twist drills	
	(4) Reamers	
	(5) Milling cutters.	

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
	(*vi*) the following Item shall be inserted at the end, namely:—	
66	PERMANENT MAGNETS. *Explanation.*—The expression "permanent magnet" shall include any piece of hard steel, special alloy or other material, recognisable by its composition and shape, as being intended to become permanent magnet after magnetising.	Fifty per cent. *ad valorem*.'.

THE THIRD SCHEDULE

(*See* section 23)

In the Table annexed to sub-section (*1*) of section 3 of the Mineral Products Act,—

(*i*) for the entry in the second column against Item 3, the entry "Two thousand rupees per kilolitre at fifteen degrees of Centigrade thermometer." shall be substituted;

(*ii*) for the entry in the second column against Item 7, the entry "Two thousand rupees per metric tonne." shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 1974-75. The notes on clauses explain the various provisions contained in the Bill.

Y. B. CHAVAN.

NEW DELHI;
The 28th February, 1974.

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

(Copy of letter No. F. 4(10)-B/74, dated the 28th February, 1974, from Shri Y. B. Chavan, Minister of Finance, to the Secretary-General, Lok Sabha).

The President, having been informed of the subject matter of the proposed Bill, recommends under article 117(1) and (3) read with article 274(1) of the Constitution of India, the introduction of the Finance Bill, 1974 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 28th February, 1974.

Notes on clauses

Clause 2, read with the First Schedule to the Bill, seeks to prescribe the rates at which income-tax (including surcharges thereon) is to be levied on income chargeable to tax for the assessment year 1974-75. Further, it lays down the rates at which tax is to be deducted at source during the financial year 1974-75 from incomes subject to such deduction under the Income-tax Act; and the rates at which "advance tax" is to be paid and tax is to be calculated and charged in special cases for the financial year 1974-75.

Rates of income-tax for the assessment year 1974-75.—The rates of income-tax (including surcharges) in the case of non-corporate taxpayers on incomes liable to tax for the assessment year 1974-75 are the same as those specified in Part III of the First Schedule to the Finance Act, 1973 for purposes of deduction of tax at source from "Salaries" and for computation of "advance tax" payable during the financial year 1973-74. Similarly, in the case of corporate taxpayers, the rates of income-tax (including surcharge) on incomes liable to tax for the assessment year 1974-75 are the same as those laid down in Part III of the First Schedule to the Finance Act, 1973 for purposes of computing "advance tax" payable by companies during the financial year 1973-74.

Rates of deduction of tax at sources during the financial year 1974-75 *from incomes other than "Salaries".*—Part II of the First Schedule to the Bill specifies the rates at which income-tax (including surcharge where applicable) is to be deducted at source during the financial year 1974-75 from incomes other than "Salaries" and the retirement annuities under section 80E(9) of the Income-tax Act. Except for certain modifications, the rates specified in this Part are the same as those specified in Part II of the First Schedule to the Finance Act, 1973 for deduction of tax at source. The rate at which surcharge will be deductible in the case of resident non-corporate taxpayers from their winnings from lotteries and crossword puzzles and other incomes (not being interest on securities and insurance commission) is proposed to be reduced from 4.5 per cent. to 3 per cent. and from 3 per cent. to 2 per cent. respectively. Likewise, in the case of all non-resident non-corporate taxpayers, the rate of surcharge deductible at source will be reduced from 15 per cent. to 10 per cent. of the income-tax. The rate at which income-tax will be deductible from incomes received by resident non-corporate taxpayers (not being income by way of interest on securities, winnings from lotteries and crossword puzzles and insurance commission for which separate rates have been specified) is proposed to be increased from 20 per cent. to 21 per cent.

Rates for deduction of tax at source from "Salaries" and retirement annuities, computation of "advance tax" and charging of income-tax in special cases during the financial year 1974-75.—Part III of the First Schedule to the Bill specifies the rates at which income-tax (including surcharge) is to be deducted at source from "Salaries" and retirement annuities referred to in section 80E(9) of the Income-tax Act, and also the rates at which "advance tax" is to be paid and income-tax is to be calculated and charged in special cases for the financial year 1974-75.

The rates of Income-tax in the case of individuals, Hindu undivided families (other than those having at least one member with independent

total income exceeding Rs. 6,000), unregistered firms or other associations of persons or bodies of individuals and artificial juridical persons have been specified in Sub-Paragraph I of Paragraph A of Part III of the First Schedule to the Bill. Under this rate schedule, the following rates of income-tax have been specified:—

first slab of Rs. 6,000	Nil
slab of Rs. 6001—10,000	12 per cent.
slab of Rs. 10,001—15,000	15 per cent.
slab of Rs. 15,001—20,000	20 per cent.
slab of Rs. 20,001—25,000	30 per cent.
slab of Rs. 25,001—30,000	40 per cent.
slab of Rs. 30,001—50,000	50 per cent.
slab of Rs. 50,001—70,000	60 per cent.
slab of over Rs. 70,000	70 per cent.

The income-tax so calculated shall be increased by a surcharge for purposes of the Union equal to 10 per cent. of such income-tax. It will be seen that the minimum exemption limit in respect of these categories of taxpayers has been raised from Rs. 5,000 to Rs. 6,000 and the maximum marginal rate of income-tax (including surcharge) has been reduced from 97.75 to 77 per cent. The maximum marginal rate will now be applicable on the slab of income over Rs. 70,000, as against Rs. 2,00,000 under the corresponding rate schedule in Part I of the First Schedule to the Bill.

In the case of Hindu undivided families having at least one member with independent total income exceeding Rs. 6,000, the rates of income-tax applicable on each slab of income will be the same as the rates of income-tax applicable in respect of the next higher slab in the case of individuals and other Hindu undivided families.

In the case of individuals, Hindu undivided families, unregistered firms or other associations of persons or bodies of individuals and artificial juridical persons, the net agricultural income will be taken into account for determining the rate of income-tax to be applied to the total income only if the total income exceeds Rs. 6,000. Further, it has also been provided that if in respect of the previous year relevent to the assessment year 1974-75, the computation of net agricultural income in accordance with the rules specified in Part IV of the First Schedule to the Bill has resulted in a loss, such loss will be set off against the agricultural income of the succeeding previous year and only the balance of agricultural income of the succeeding previous year remaining after such set off will be taken into account for determining the rates of income-tax to be applied to the total income of the succeeding previous year.

Certain changes have been made in the rate schedule applicable in the case of registered firms. Separate rate schedules are being prescribed in the case of registered firms deriving at least 51 per cent. of their income from any profession and in the case of other registered firms. Further, the ordinary surcharge on income-tax has been merged with the basic income-tax with consequential adjustments in the rates of income-tax applicable to various slabs of taxable income. The income-tax so calculated will be increased by a surcharge for purposes of the Union at the rate of 10 per cent.

The rates of basic income-tax in the case of co-operative societies and local authorities prescribed in Paragraph B and Paragraph D of Part III of the First Schedule to the Bill are the same as those specified in the corresponding Paragraphs of Part I of that Schedule. The rate of surcharge on income-tax will, however, be 10 per cent. of income-tax, as against 15 per cent. prescribed in the corresponding Paragraphs of Part I of the Schedule.

In the case of the Life Insurance Corporation of India and other companies, the rates of income-tax as also surcharge thereon have been specified in Paragraph E and Paragraph F of Part III of the First Schedule to the Bill. These rates are the same as those specified in the corresponding Paragraphs of Part I of the Schedule.

Clause 3 seeks to amend section 10 of the Income-tax Act relating to incomes not included in the total income.

Sub-clause (a) seeks to make two amendments in clause (10) of section 10 of the Income-tax Act. The first amendment is of a formal nature and is for including a reference to the Central Civil Services (Pension) Rules, 1972 with effect from the date those rules came into force. The second amendment seeks to secure that death-*cum*-retirement gratuities received by *all* categories of Central Government employees are exempted from income-tax in full. (At present, gratiuities received by civilian employees of the Central Government who are not governed by the revised Pension Rules do not qualify for full exemption from tax). This amendment will take effect from 1st April, 1962, *i.e.*, the date of commencement of the Income-tax Act.

Sub-clause (b) seeks to substitute clause (10) of section 10, as amended by sub-clause (a), by a new clause with effect from 1st April, 1975. Under the new clause, the *entire* gratuity received under the provisions of sub-sections (2) and (3) of section 4 of the Payment of Gratuity Act, 1972 will be exempt from income-tax. In the case of employees of statutory corporations and employees in the private sector who are not covered by the provisions of the Payment of Gratuity Act, 1972, the existing ceiling limit over the exempt amount of gratuity is being raised from 15 months' salary or Rs. 24,000 to 20 months' salary or Rs. 30,000, whichever is less. For the purposes of this clause, the term 'salary' includes dearness allowance, if the terms of employment so provide, but excludes all other allowances and perquisities. Where gratuity is received by an employee from two or more employers in the same year, the maximum amount of gratuity exempt from tax will not exceed Rs. 30,000. In cases where an employee who has received any gratuity in any earlier year from his former employer or employers receives gratuity from his present employer in a later year, the ceiling limit of Rs. 30,000 will be reduced by the amount of gratuity which has been exempted in any earlier year or years.

Sub-clause (c) seeks to amend clause (10A) of section 10 of the Income-tax Act retrospectively from 1st April, 1962, i.e., the date of commencement of the Income-tax Act. The amendment seeks to secure that payments received in commutation of pension by *all* categories of Central Government employees will be exempt from income-tax. At present, in the case of civilian employees of the Central Government, payments in

commutation of pensions covered by the Civil Pensions (Commutation) Rules of the Central Government alone qualify for tax exemption.

Sub-clause (d) seeks to insert a new clause (23B) in section 10 of the Income-tax Act with effect from 1st June, 1974. Under the new clause, income derived by institutions established for the purpose of implementing programmes for development of khadi and village industries, from the production, sale or marketing, of khadi or products of village industries will be completely exempt from income-tax. The exemption will be available only to those institutions which are constituted as public charitable trusts or are registered under the Societies Registration Act, 1860 or under any law corresponding to that Act in force in any part of India. The exemption will not be allowed unless the institution applies its income, or accumulates it for application, solely for the development of khadi or village industries. Further, such institutions will be eligible for this exemption only if they are approved for the purpose of this clause by the Khadi and Village Industries Commission. The Khadi and Village Industries Commission will have power to accord approval to such institutions for a period of three years at a time.

The exemption under the new clause will apply in relation to the assessment year 1975-76 and subsequent assessment years.

Clause 4 seeks to make two amendments in section 16 of the Income-tax Act relating to deductions from salaries for the purpose of providing a standard deduction in respect of expenditure incidental to employment in the computation of the taxable salary. The standard deduction will replace the existing provisions in section 16 relating to separate deductions in respect of expenditure on travelling, books, taxes on professions and expenditure incurred in the performance of duties. The standard deduction will be allowed in an amount equal to 20 per cent. of the salary up to Rs. 10,000 and 10 per cent. of the salary in excess thereof, subject to a maximum of Rs. 3,500. In cases where the employee is in receipt of a conveyance allowance, or where he is provided with any motor car, motor cycle, scooter or other moped by his employer for use (otherwise than wholly and exclusively in the performance of his duties) or where he is allowed the use of any one or more motor cars (otherwise than wholly and exclusively in the performance of his duties) out of a pool of motor cars owned or hired by the employer, the deduction under the new section will be limited to Rs. 1,000 only.

These amendments will take effect from 1st April, 1975 and will accordingly apply in relation to the assessment year 1975-76 and subsequent years.

Clause 5 seeks to amend clause (viii) of sub-section (1) of section 36 of the Income-tax Act relating to the special deduction allowed in computing the taxable profits of approved financial corporations engaged in providing long-term finance for industrial and agricultural development in India. Under the amendment, a Financial Corporation or a Joint Financial Corporation established under the State Financial Corporations Act, 1951 will be entitled to a higher deduction upto 40 per cent. of the profits carried to a special reserve account. At present, all approved financial corporations (including those constituted under the State Financial Corporations Act) are allowed such deduction up to 25 per cent. of current profits, if their paid-up share capital does not exceed Rs. 3

crores, and up to 10 per cent. of the profits, if the paid-up share capital exceeds that amount.

The amendment will take effect from 1st April, 1975 and will accordingly apply in relation to the assessment year 1975-76 and subsequent years.

Clause 6 seeks to make two amendments in section 74A of the Income-tax Act relating to losses from certain specified sources falling under the head "Income from other sources". The first amendment is of a clarifying nature. Under the second amendment, owners of race horses will be allowed to carry forward and set off the loss incurred by them on maintenance of race horses against their income from the source 'races including horse races' in subsequent years. The benefit of carry forward will be allowable for four assessment years next following the assessment year for which the loss was first computed.

These amendments will take effect from 1st April, 1975 and will accordingly apply in relation to the assessment year 1975-76 and subsequent years.

Clause 7 seeks to make two amendments in section 80MM of the Income-tax Act relating to the deduction in respect of royalties, etc., received from Indian concerns. Under the first amendment, the deduction of 40 per cent. of the income by way of royalty, commission, fees or any other similar payment received from an Indian concern in consideration of the provision of technical 'know-how' or for rendering technical services under approved agreements will be restricted to Indian companies. (At present, the deduction is also available to non-corporate resident taxpayers.). The second amendment is of a consequential nature.

These amendments will take effect from 1st April, 1975 and will accordingly apply in relation to the assessment year 1975-76 and subsequent years.

Clause 8 seeks to make two amendments in section 80N of the Income-tax Act relating to deduction in respect of dividends received from certain foreign companies.

Under the first amendment, the deduction in respect of the whole of the income by way of dividends on shares of certain foreign companies allotted in consideration of the provision of technical 'know-how' or the rendering of technical services under approved agreements will be restricted to Indian companies. (At present, the deduction is also available to non-corporate resident taxpayers.). This amendment will take effect from 1st April, 1975 and will accordingly apply in relation to the assessment year 1975-76 and subsequent years.

Under the second amendment, the deduction, under this section, will be admissible only to the extent the dividends are received in or are brought into India in accordance with the law for regulating payments and dealings in foreign exchange. This amendment will take effect from 1st April, 1968, *i.e.*, the date from which this section was brought into force.

Clause 9 seeks to make three amendments in section 80O of the Income-tax Act relating to deduction in respect of royalties, etc., from certain foreign enterprises.

Under the amendment in sub-clause (a) the deduction available in the case of Indian companies and resident non-corporate taxpayers in respect of the whole of the income by way of royalty, commission, fees or any other similar payment received in consideration of the provision of technical 'know-how' or for rendering technical services under approved agreements will be allowed only to the extent such income is received in or is brought into India in accordance with the law for regulating payments and dealings in foreign exchange. This amendment will take effect retrospectively from 1st April, 1972, *i.e.*, the date from which the existing provisions of the section were brought into force.

Under the second amendment, the deduction under the section will be restricted to Indian companies. This amendment will take effect from 1st April, 1975 and will accordingly apply in relation to the assessment year 1975-76 and subsequent years.

The third amendment seeks to omit sub-section (2) of section 80O and is consequential to the second amendment.

Clause 10. Sub-clause (a) of this clause seeks to insert a new sub-section (1A) in section 139 of the Income-tax Act relating to furnishing of return of income. The new sub-section provides that it will not be necessary for a person to furnish a voluntary return of his income or the income of any other person in respect of whose total income he is assessable, if his total income (or the total income of such other person) consists only of income chargeable under the head "Salaries" or of income chargeable under that head and also income of the nature referred to in clauses (i) to (ix) of sub-section (1) of section 80L. The requirement of furnishing a voluntary return will be waived only if certain other conditions specified in this behalf are fulfilled. These conditions are:—

(a) if the person concerned was employed by a company at any time during the previous year, he should not have been, at any time during that year, a director of the company or a person having a substantial interest in the company;

(b) the salary of the person concerned (exclusive of the value of all benefits or amenities not provided for by way of monetary payment) should not exceed Rs. 18,000;

(c) the income, if any, of the person concerned of the nature referred to in clauses (i) to (ix) of sub-section (1) of section 80L should not exceed Rs. 3,000 in the aggregate;

(d) the tax deductible at source under section 192 of the Income-tax Act from the income chargeable under the head "Salaries" should have been deducted.

The amendment will take effect from 1st April, 1975 and will accordingly apply in relation to the assessment year 1975-76 and subsequent years.

The amendment in sub-clause (b) is consequential to the amendment of section 74A of the Income-tax Act under clause 6 of the Bill.

Clause 11 seeks to make certain amendments in section 209 of the Income-tax Act, relating to computation of advance tax, for re-numbering that section as sub-section (1) thereof and for inserting two new sub-sections (2) and (3).

New sub-section (2) will apply in cases where the Finance Act of the relevant year provides that the net agricultural income of any class of assessees shall be taken into account for the purposes of computing advance tax payable during the financial year. In such cases, where the order under section 210 requiring the assessee to pay advance tax is made by the Income-tax Officer on the basis of the total income of the latest previous year for which regular assessment has been made, the Income-tax Officer will compute the advance tax on the basis of the net agricultural income which has been taken into account for the purposes of charging income-tax for that year. Where the order under section 210 of the Income-tax Act is made by the Income-tax Officer on the basis of the total income of any previous year for which tax has been paid by the assessee on the basis of self-assessment under section 140A of the Income-tax Act, the Income-tax Officer will compute the advance tax on the basis of the net agricultural income as returned by the assessee in the return of income for that year.

New sub-section (3) will apply in the case of Hindu undivided families having at least one member whose total income of the relevant previous year exceeds the maximum amount not chargeable to tax and the Finance Act of the relevant year specifies any special rate or rates for computing the advance tax payable by such Hindu undivided families. In such cases, where the order under section 210 of the Income-tax Act is made by the Income-tax Officer on the basis of the total income of the Hindu undivided family for the latest previous year for which the family has been assessed by way of regular assessment, the special rates prescribed by the Finance Act will apply to the family if the total income of any member of the family for the assessment year relevant to that latest previous year exceeds the maximum amount not chargeable to tax in his case. Where the order under section 210 is made on the basis of the total income of the Hindu undivided family for a previous year for which the family has paid tax on the basis of self-assessment under section 140A, the special rates prescribed by the Finance Act will apply if the total income of any member of the family for the assessment year relevant to such previous year exceeds the maximum amount not chargeable to tax in his case.

Clause 12 seeks to amend Part A of the Fourth Schedule to the Income-tax Act relating to recognised provident funds.

Sub-clause (a) seeks to insert a new clause (c) in sub-rule (3) of rule 5 of Part A of the aforesaid Fourth Schedule relating to relaxation of conditions for according and withdrawal of recognition to provident funds. The new clause (c) provides that a recognised provident fund may also consist of amounts transferred from the individual account of an employee in a recognised provident fund maintained by his former employer and the interest in respect thereof. This amendment will take effect from 1st April, 1974.

Sub-clause (b) seeks to amend rule 8 of Part A of the aforesaid Fourth Schedule relating to exclusion from total income of accumulated balance due and becoming payable to an employee participating in a recognised provident fund in certain circumstances. Under the existing provision, the accumulated balance due and becoming payable to an employee is excluded from his total income only if the employee has rendered continuous service with his employer for a period of five years or more or if

his service is terminated by reason of the employee's ill health, contraction or discontinuance of the employer's business or for any other reason beyond the control of the employee. The amendment seeks to secure that the accumulated balance due and becoming payable to an employee participating in a recognised provident fund will not be included in his total income to the extent the balance amount, instead of being paid to the employee, is transferred to the credit of his individual account in any other recognised provident fund maintained by the employer with whom the employee obtains re-employment. Further, in cases where the accumulated balance due and becoming payable to an employee includes any amount transferred from any other recognised provident fund maintained by a former employer of the employee, then, in computing the period of continuous service of five years for the purposes of the aforesaid provision, the service rendered by the employee with such former employer will also be taken into account.

The amendment under sub-clause (b) will take effect from 1st April, 1975 and will accordingly apply in relation to the assessment year 1975-76 and subsequent assessment years.

Clause 13 seeks to make certain amendments of a consequential nature in different provisions of the Income-tax Act. The amendment in sub-clause (iv) is consequential to the amendments to sections 80MM, 80N and 80O of the Act under clauses 7, 8 and 9 of the Bill. The amendments in the other sub-clauses are consequential to the amendment of section 74A of the Act under clause 6 of the Bill.

Clause 14 seeks to make certain amendments in the Wealth-tax Act, 1957.

Sub-clause (1) seeks to make two amendments in clause (e) of section 2 (which defines "assets" for purposes of charge of wealth-tax) of the Wealth-tax Act. The effect of these amendments will be that the value of the taxpayer's right to receive annuities purchased by him, or purchased by any other person in pursuance of a contract with the taxpayer, will be regarded as an "asset", irrespective of whether the annuity is commutable or not.

Sub-clause (2) seeks to make certain amendments in section 5 of the Wealth-tax Act.

Under the amendments in sub-clause (2)(a)(i) and sub-clause (2)(b), the exemption in respect of agricultural land will be linked with the exemption in respect of financial assets so that the aggregate amount qualifying for exemption will be limited to Rs. 1,50,000.

Sub-clause (2)(a)(ii) seeks to amend clause (iv)(b) of sub-section (1) of section 5 of the Wealth-tax Act. The effect of this amendment will be that the exemption in respect of one building or one group of buildings owned by a cultivator or receiver of rent or revenue of agricultural land will be available only if such building or group of buildings is required by the owner by reason of his connection with the agricultural land as a store-house or for keeping cattle and not as a dwelling house.

Sub-clause (2)(a)(iii) seeks to insert a proviso in clause (vi) of sub-section (1) of section 5 of the Wealth-tax Act. Under this amendment, the value of the taxpayer's right or interest in a policy of insurance will be exempt from tax only if the premia are payable over a period of ten years

or more. In cases where premia are payable over a period of less than ten years, only a proportionate amount of the value of the taxpayer's right or interest in the policy of insurance will be exempt from wealth-tax.

Sub-clause (3) seeks to amend Paragraph A of Part I of the Schedule to the Wealth-tax Act relating to rates of wealth-tax. Under the amendment, the rates of ordinary wealth-tax applicable in the case of individuals and Hindu undivided families not having one or more members with independent net wealth exceeding Rs. 1,00,000, on the slabs of net wealth of Rs. 5,00,001—10,00,000 and Rs. 10,00,001—15,00,000 will be increased from 2 per cent. and 3 per cent., to 3 per cent. and 4 per cent. respectively. In the case of Hindu undivided families having one or more members with independent net wealth exceeding Rs. 1,00,000, the first Rs. 5,00,000 of net wealth will be charged to wealth-tax at the rate of 3 per cent. as against 2 per cent. at present. The next Rs. 5,00,000 of net wealth will be taxed at 4 per cent. as against 3 per cent. at present.

These amendments will take effect from 1st April, 1975 and will accordingly apply in relation to the assessment year 1975-76 and subsequent years.

Clause 15 seeks to make two amendments in the Third Schedule to the Companies (Profits) Surtax Act, 1964 which sets out the rates of surtax. Under the amendments, the rate of surtax applicable to so much of the chargeable profits as exceeds 15 per cent. of the amount of capital of the company computed in accordance with the Second Schedule to that Act will be increased from 30 per cent. to 40 per cent. In the case of a widely-held company or its wholly owned subsidiary, where the aggregate of the income-tax and surtax payable by the company exceeds 70 per cent. of its total income, the amount of surtax payable by the company will be reduced by the amount by which such aggregate exceeds 70 per cent. of its total income. The provision will not apply if the paid-up share capital (subscribed and paid for in cash) is more than 25 per cent. of the capital as computed in accordance with the Second Schedule to the Companies (Profits) Surtax Act.

These amendments will take effect from 1st April, 1975 and will accordingly apply in relation to the assessment year 1975-76 and subsequent years.

Clause 16 seeks to make an independent provision to secure that the deduction by way of development rebate will be admissible in respect of ships acquired after 31st May, 1974 but before 1st June, 1975 if the taxpayer had, before 1st December, 1973, entered into a contract for purchase of the ship from the builder or owner thereof. Likewise, development rebate will be admissible in respect of machinery or plant installed after 31st May, 1974 but before 1st June, 1975 if the taxpayer had, before 1st December, 1973, either purchased the machinery or plant or had entered into a contract for purchase of such machinery or plant from the manufacturer or owner thereof or dealer therein. Development rebate will also be admissible in respect of coal-fired boilers or machinery or plant for converting oil-fired boilers into coal-fired boilers if these are installed before 1st June, 1975. The Notification (No. S.O. 2167 dated the 28th day of May, 1971) under sub-section (5) of section 33 of the Income-tax Act providing for disallowance of development rebate in the case of ships acquired after 31st May, 1974 and machinery or plant installed after that date is being modified to the extent mentioned above.

Clause 17 seeks to provide that the deduction under section 80O of the Income-tax Act, as it stood during the period 1st April, 1968 to 31st March, 1972, in respect of income by way of royalty, commission, fees or any other similar payment received by Indian companies or non-corporate resident taxpayers in consideration of the provison of technical 'know-how' or the rendering of technical services under approved agreements will be allowed only to the extent such income is received in or is brought into India in accordance with the law for regulating payments and dealings in foreign exchange.

Clause 18 seeks—

(a) to make provision for discontinuing or increasing or decreasing the preferential rate in the interests of trade including promotion of exports; and

(b) to raise the basic import duty or brandy, gin, whisky and other spirits.

Clause 19 seeks to levy up to 31st March, 1975, auxiliary duties of customs on all imported goods at the rate of 20 per cent. of their value.

Clause 20 seeks to continue for another year the provisions of the Indian Tariff (Amendment) Act, 1949, so as to maintain the *status quo* in regard to commitments under the General Agreement on Tariffs and Trade.

Clause 21, read with the Second Schedule, seeks—

(a) to raise the rates of basic duty on—

(1) mineral turpentine oil and waxes;

(2) organic surface active agents (other than soap) and preparations;

(3) sheet glass and plate glass and other glassware, including tableware but excluding laboratory glassware, glass shells, glass globes and chimneys for lamps and lanterns;

(4) chinaware and porcelainware, namely, tableware, sanitary-ware and glazed tiles;

(5) refrigerating and air-conditioning appliances and machinery, and parts;

(6) electric batteries—dry;

(7) office machines and apparatus;

(8) metal containers;

(9) rolling bearings;

(10) welding electrodes; and

(11) coated abrasives and grindling wheels;

(b) to change the basis of assessment from weight to value for confectionery and chocolates;

(c) to change the tariff description of, and to raise the basic excise duty on, paper;

(d) to change the basis of assessment from alternative rates of duty, *i.e.*, specific or *ad valorem* whichever is higher, to *ad valorem* rates and to raise the basic duty in the case of certain categories of motor vehicles;

(e) to change the tariff description so as to include photographic goods, namely, sensitised papers (including Diazotype papers) and sensitised paper boards, along with photographic cameras; and

(f) to include new items in the Central Excise Tariff for—

(1) tooth-paste (including dental cream);

(2) electrical stampings and laminations;

(3) tape recorders including cassette recorders;

(4) specified cutting tools; and

(5) permanent magnets.

Clause 22 seeks to levy up to 31st March, 1975, auxiliary duties of excise on all excisable goods at the rate of 20 per cent. of their value.

Clause 23, read with the Third Schedule, seeks to raise the ceiling rates of additional excise duties leviable under the Mineral Products (Additional Duties of Excise and Customs) Act, 1958, on (1) refined diesel oils and vaporising oil; and (2) petroleum products, not otherwise specified.

Clause 24 like section 30 of the Finance Act, 1973, provides that salt shall be duty free for another year.

Clause 25 seeks to amend the First Schedule to the Indian Post Office Act, 1890 with a view to increasing the postage rates for letters, letter-cards, post cards and parcels.

FINANCIAL MEMORANDUM

Clause 21 of the Bill seeks to levy excise duties on certain new items, such as, Tooth-paste, Electrical stampings and laminations, specified cutting tools, etc. Withdrawal of some of the excise concessions, such as in the case of waxed paper and polyethylene coated paper and board, etc. will also bring in more units in the dutiable category.

The new levies and the withdrawals of the exemptions will necessitate the employment of additional staff not only in the field formations, but also in the secretariat, the Directorate of Tax Research, the Directorate of Drawback and Statistics and Intelligence Branch (Central Excise). Following this expansion in the coverage of Central Excise Tariff, it will be necessary—

(1)	to strengthen, to the needed extent, the higher supervision over tariff classification and valuation of goods in the Collectorates of Central Excise by deployment of some additional staff involving an additional expenditure of ..	Rs. 4.00 lakhs
(2)	to keep a close watch on the trends and pattern of production, consumption and price movement of these affected commodities, which will necessitate the augmentation of Statistics and Intelligence Branch involving an additional expenditure of ..	Rs. 0.50 lakhs
(3)	to provide the necessary number of officers and staff in the secretariat of the Board and the Ministry including the Directorates of Drawback and Tax Research for dealing with the increased work involving an additional expenditure of ..	Rs. 2.00 lakhs
	Total recurring expenditure per year ..	Rs. 6.50 lakhs

Besides the above items of annual recurring expenditure, the following non-recurring expenditure will also have to be provided—

(a)	Incidental expenses, contingencies, etc. ..	Rs. 0.25 lakhs
(b)	Furniture, Office equipment, etc. ..	Rs. 0.25 lakhs
	Total non-recurring expenditure ..	Rs. 0.50 lakhs

The Bill does not involve any other expenditure of a recurring or non-recurring nature.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Under sub-clause (a) of clause 18, where the Central Government is satisfied, that in the interests of trade including promotion of exports, it is necessary to take immediate action for discontinuing the preferential rate, or increasing the preferential rate to a rate not exceeding the standard rate, or decreasing the preferential rate, in respect of an article specified in the First Schedule, the Central Government may by notification direct an amendment of the said Schedule to be made so as to provide for such discontinuance of, or increase or decrease, as the case may be, in the preferential rate.

The exercise of the power to issue a notification under this sub-clause will depend upon the circumstances prevailing at the time of the issue of the notification. It is not possible to visualise at this stage precisely what those circumstances would be. It is accordingly felt that powers in this regard should vest in the Central Government. Having regard to the circumstances under which the power will be exercised by the Central Government, the power delegated to it is of a normal character. Further, the notification to be issued under this sub-clause will have to be laid before Parliament.

S. L. SHAKDHER,
Secretary-General.

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